

Slide 1



Slide 2


"Secretly" Canadians

▶ Neil Young	▶ Michael J. Fox
▶ The late Lorne Greene	▶ James Cameron
▶ Don Carty	▶ The late John Candy
▶ Mary Pickford	▶ Mike Myers
▶ Joni Mitchell	▶ Paul Shafer

2

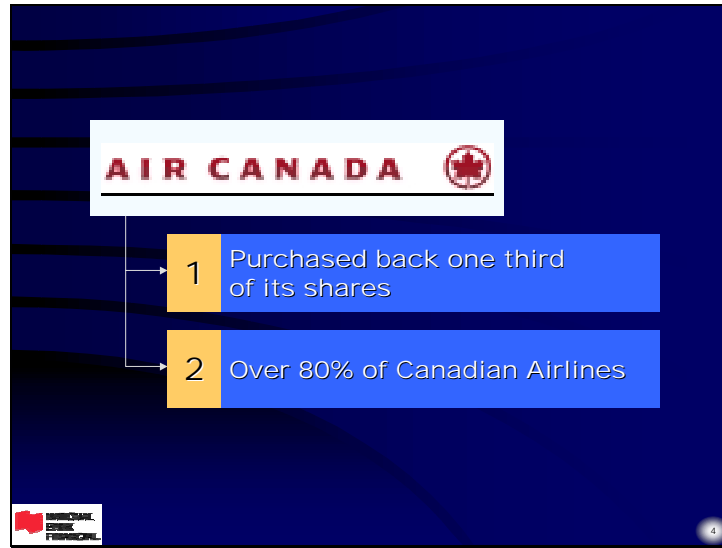
Disclosure

- National Bank Financial advised Airco



3


Slide 4

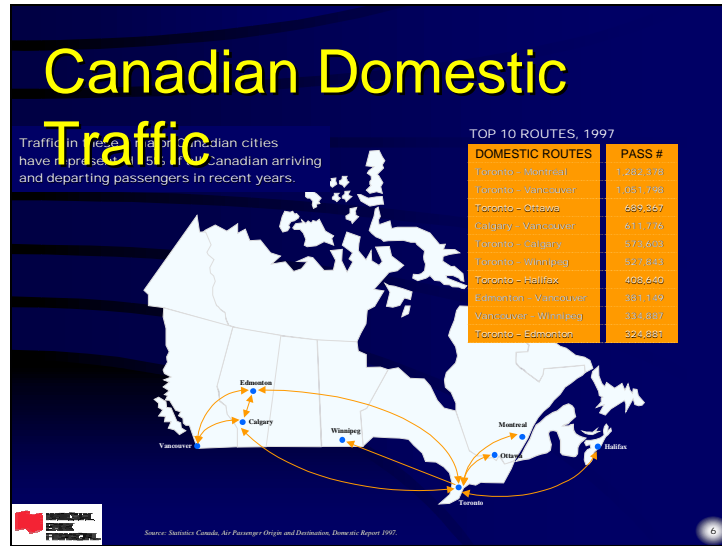


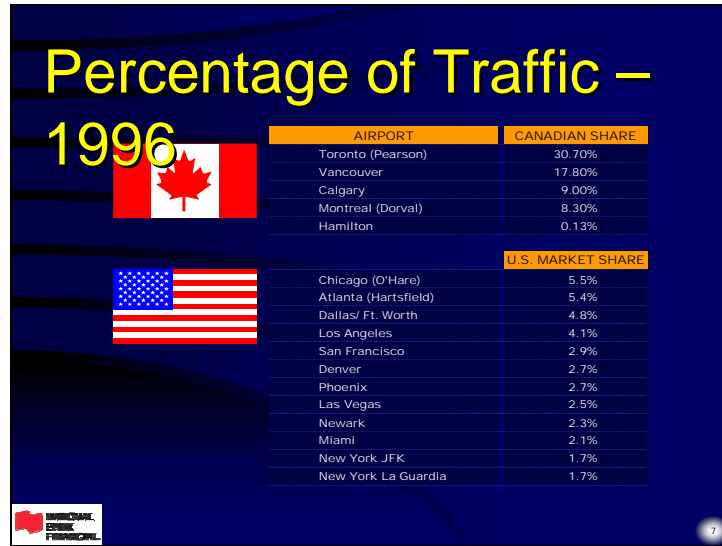
Historical Backdrop

A vertical timeline on a dark blue background with yellow chevron-shaped markers pointing right. Each marker contains a year, and a blue rectangular box to its right contains the corresponding event. The events are: 1937 Trans-Canada Airlines; 1976 Restrictions on domestic competition by Canadian Pacific Air Line were largely removed; 1988 Canada Deregulates Airlines; and 1999 Air Canada acquires Canadian Airlines. In the bottom left corner, there is a small red maple leaf logo with the text 'TRANSCANADA AIRLINES' and 'CANADIAN PACIFIC AIRLINES' below it. In the bottom right corner, there is a small white circle containing the number '5'.

1937	Trans-Canada Airlines
1976	Restrictions on domestic competition by Canadian Pacific Air Line were largely removed
1988	Canada Deregulates Airlines
1999	Air Canada acquires Canadian Airlines


 5







Top Ten Cities by Percentage of Trans-border Traffic — 1997



	CITY	PERCENT SHARE
1	Toronto	19.2%
2	Vancouver	9.0%
3	Montreal	7.6%
4	New York	6.4%
5	Los Angeles	4.7%
6	Calgary	4.2%
7	San Francisco	3.3%
8	Chicago (O'Hare)	3.0%
9	Ottawa	2.4%
10	Miami	2.2%

 **CANADIAN BORDER SERVICES AGENCY**

8

North American Airports by Principal Function

		
Largest airport	Chicago	Toronto
Largest single carrier hub	Atlanta	Toronto
Largest mid-continent hub, controlled by a single carrier	Dallas/Forth Worth	Toronto
International airport for the largest city	New York JFK	Toronto
Domestic airport for the largest city	New York La Guardia	Toronto
Gateway to Latin America	Miami	Toronto
Gateway to Europe	New York JFK	Toronto



9


Local Traffic at Hubs in Canada Compared to U.S. Hubs Before Merger of Air Canada and Canadian

	U.S. HUB	CARRIER	SHARE
	Atlanta	Delta	65%
		United	42%
3	San Francisco	United	46%
4	New York (Newark)	Continental	51%
5	Dallas/ Ft. Worth	American	59%
6	Denver	United	59%
7	Los Angeles	United	24%
8	Miami	American	39%
9	Chicago (O'Hare)	American	27%
10	Houston (Bush Intercontinental)	Continental	62%
	11 Toronto (Pearson)	Air Canada	43%
12	Detroit (Metro)	Northwest	56%
13	Minneapolis/St. Paul	Northwest	59%
14	Philadelphia	US Airways	51%
15	Seattle/Tacoma	Alaska	33%
16	St. Louis	TWA	57%
17	Salt Lake City	Delta	61%
18	Phoenix	America West	30%
19	Washington (Dulles)	United	43%
20	Pittsburgh	US Airways	66%


10

Local Traffic at Hubs in Canada Compared to U.S. Hubs After Merger of Air Canada and Canadian

	U.S. HUB	CANADIAN HUB	PERCENTAGE	
1	Atlanta	Delta	65%	
2	Chicago (O'Hare)	United	42%	
3	San Francisco	United	46%	
4	New York (Newark)	Continental	51%	
5	Dallas/ Ft. Worth	American	59%	
YYZ	6	Toronto (Pearson)	Air Canada	59%
7	Denver	United	59%	
8	Los Angeles	United	24%	
9	Miami	American	39%	
10	Chicago (O'Hare)	American	27%	
11	Houston (Bush Intercontinental)	Continental	62%	
12	Detroit (Metro)	Northwest	56%	
13	Minneapolis/St. Paul	Northwest	59%	
14	Philadelphia	US Airways	51%	
YVR	15	Vancouver	Air Canada	56%
16	Seattle/Tacoma	Alaska	33%	
17	St. Louis	TWA	57%	
18	Salt Lake City	Delta	61%	
19	Phoenix	America West	30%	
20	Washington (Dulles)	United	43%	





Slide 12



YVR – Gateway to Asia

- On great circle route from USA to Asia
- Asian language and cultural ties
- AC will have 56% share
- #15 Hub in North America

Vancouver



Montreal



- Dorval added back international scheduled operations from Mirabel
- Secondary Gateway from USA Northeast to Europe and Middle East



14

Hamilton

- 60 miles from Toronto
- 2 passenger gates
- Gate capacity constraint
- Westjet service to be launched March 8th
- Secondary airport opportunity after Abbotsford worked for WJA




Slide 16



AIR CANADA

Expected to show dramatically improved profitability



16

The slide features a dark blue background with a subtle wavy pattern. At the top center, the Air Canada logo is displayed in white, consisting of the words "AIR CANADA" in a bold, sans-serif font, followed by a red maple leaf icon. Below the logo, a white arrow points to a blue rectangular box containing the text "Expected to show dramatically improved profitability" in white. In the bottom left corner, there is a small, partially visible logo for "AIR CANADA" and "PACIFIC" with a red maple leaf. In the bottom right corner, the number "16" is displayed in a small white circle.

Air Canada – Competitive Position

- Market clearly less competitive
- Only one hub and spoke network carrier
- Predatory Pricing Remedies created
- Competition from low cost and charter sector continues
- Concentration comparable to US Hubs



Canada Unveiled

- Toronto emerges as major North American Hub- moves from #11 to #6
- Vancouver potential as Asian Gateway
- Improved outlook for Air Canada
- Opportunity for Westjet and tier 2 carriers
- "If we were any cooler we would still be frozen"

